



Director of  
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## EL SALVADOR: Guerrilla Initiatives

*Insurgent operations have succeeded in stretching the Army's limited resources.*

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All guerrilla factions currently support a more aggressive strategy aimed at inflicting maximum damage on the armed forces and demoralizing the civilian population.

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Military leaders, who are concerned over recent gains made by the guerrillas in Usulután Department, have sent troops from northern Morazan and other areas to the southeast. Media reports indicate the insurgents have withdrawn from Berlin, although they still occupy several neighboring towns. Government forces reportedly have engaged large groups of uniformed insurgents in northern Usulután near the strategic Cuscatlán Bridge.

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Meanwhile, the government's campaign in Morazan is entering its final phase with units moving to retake Perquin and other guerrilla-occupied towns in the north.

two infantry battalions will remain in the area after the operation is terminated.

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Comment: The Army will have to move quickly to prevent the insurgents from gaining additional momentum, which could force the military to confront simultaneous guerrilla campaigns throughout the country. The guerrilla successes in Usulután may reduce public confidence in the government while strengthening insurgent morale and political support. Sentiment is likely to become stronger in the officer corps to replace Defense Minister Garcia and reorganize the war effort.

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## JORDAN-PLO: More Talks on Peace Process

*King Hussein and PLO leader Arafat plan another round of talks in Amman on a joint approach to the US peace initiative before the Palestine National Council convenes in Algiers on 14 February.* [redacted]

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The US Embassy in Amman says Hussein appears to believe Arafat agrees the PLO has to work with Jordan. The King wants firm commitments from Arafat after the Council meeting to support the formation of a negotiating team of Jordanians and non-PLO Palestinians and to support a future association between the West Bank and Jordan. Hussein is concerned, however, that Arafat may delay his decision in the mistaken hope the US will change its position on an independent Palestinian state. [redacted]

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Comment: No formal announcements are likely during the coming talks between Hussein and Arafat. The PLO chief will want to obtain Hussein's assessment of US intentions before deciding on the final form of the proposals he will put before the National Council. [redacted]

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If Arafat concludes the King has doubts stemming from the lack of progress in Lebanese-Israeli talks, he will be more inclined to support a vaguely worded resolution. It would approve continued contacts with Jordan without explicitly committing the PLO to support a joint negotiating team. [redacted]

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If the PLO does not approve a Jordanian role or gives only tacit approval, it will be much riskier for the King and his regime to join the peace negotiations, and it will erode his resolve about joining. [redacted]  
[redacted]

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## USSR-ANGOLA: Military Assistance

*The USSR is continuing to strengthen Angola's military capabilities.* [redacted]

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Since last fall, the Soviets have provided medium tanks and additional MIG-21 fighters. They also recently delivered two more missile attack patrol boats, making a total of four. [redacted]

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[redacted] the Soviets late last year delivered 40 armored personnel carriers--enough to equip a mechanized infantry battalion. [redacted]

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Comment: This increased assistance presumably is in response to more aggressive military actions by UNITA and Luanda's desire to strengthen defenses against South African incursions. Moscow also may be concerned that South African military pressure could cause Luanda to accept a compromise over Namibia that would be damaging to Soviet interests. [redacted]

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Angola's dependence on Soviet military aid and Cuban troops, which seems to be increasing as the insurgents expand their activity, will work against an Angolan - South African agreement sufficiently broad to open the way for a breakthrough on Namibia. Nonetheless, Angolan President dos Santos might be able to conclude a limited accord. It might include a cease-fire and a mutual pull-back of forces in the Angola-Namibia border area, provided Pretoria remains willing to sidestep the issue of a Cuban troop withdrawal. [redacted]

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## SUDAN: Security Problems in the South

*The Sudanese Government is sending elite paratroop units from the Khartoum area to the Southern Region in an attempt to halt a recent rash of security incidents.* [REDACTED]

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One airborne battalion has been sent to Bentiu to protect employees of the Chevron Company engaged in oil exploration activities. [REDACTED]  
[REDACTED] company personnel recently have been threatened several times and warned to cease operations by unidentified southerners. [REDACTED]

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Another battalion will go to Waw to search for terrorists who last month killed 13 Arab traders in the area. [REDACTED]  
[REDACTED]

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Comment: There is no conclusive evidence that the Libyan-backed dissidents were responsible for the incidents near Bentiu or Waw. Both incidents probably reflect in part traditional tension between the predominantly non-Muslim south and the largely Arab north. [REDACTED]

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Sudanese authorities, however, almost certainly believe Libyan- and Ethiopian-backed subversives plan to harass Chevron's installations in the south. Even if foreign-supported insurgents do not attack the oil facilities, the deteriorating security situation in the south will make exploration more dangerous. In any case, Sudan would risk retaliation by Ethiopia if it carries out a preemptive raid against the dissident camp near Gambela. [REDACTED]

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The deployment of additional northern troops to the south could aggravate sensitivities among southerners about Arab domination, while reducing the forces defending the capital against antiregime activity. [REDACTED]  
[REDACTED]

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## SURINAME: Horb's Death

Suriname's state radio has reported former Deputy Army Commander Horb committed suicide on Wednesday. An autopsy performed by a local pathologist and attended by the chief police inspector and other officials determined Horb died by hanging. A police investigation is under way, according to the official announcement. In a televised presentation on Tuesday, a military spokesman said Horb and 10 military conspirators would face a court martial and exhibited the regime's evidence against them. [REDACTED]

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Comment: It remains unclear whether Horb actually committed suicide or was murdered. Regardless of the cause of death, most Surinamers will blame Army Commander Bouterse, but their reaction is likely to be muted. Bouterse's support in the military probably will be weakened by the desertion of troops who hoped Horb would challenge the Army Commander. If Bouterse had Horb killed, the loyalty of some of his more moderate military collaborators may falter out of fear that their lack of revolutionary zeal will make them targets of a future purge. [REDACTED]

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## USSR-JAPAN: Proposed Security Arrangement

Press reports from Tokyo state the Soviets, in a letter to Japan's Democratic Socialist Party last month, say the USSR is ready to consider unspecified security arrangements with Japan if Tokyo continues to ban the production or introduction of nuclear weapons into Japan. The letter blames the US for the current arms race and emphasizes the USSR will not disarm unilaterally. Similar letters have been sent to member parties of the Socialist International, according to a spokesman of the Democratic Socialist Party. [REDACTED]

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Comment: Moscow presumably is offering a revised version of the "nonnuclear" pact that Brezhnev first proposed last March. Prime Minister Nakasone almost certainly will reject the proposal as another attempt to drive a wedge between the US and Japan, but he may find it difficult to provide a persuasive rationale to the many Japanese who are opposed to nuclear weapons. Recent comments by Soviet officials [REDACTED] suggest the USSR does not expect an improvement in bilateral relations any time soon. [REDACTED]

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## CHINA - SOUTH KOREA - US: Reaction to Joint Exercise

China on Wednesday condemned the current South Korean - US military exercise and supported North Korea's declaration of a "semi-state of war" alert for its forces. For the first time Beijing also demanded an immediate halt to the exercise, which the Chinese repeatedly claimed was endangering peace and stability in Northeast Asia.

[redacted]

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Comment: China's last domestic commentary on these annual exercises occurred in 1980 and was more restrained. The criticism this time is in line with Beijing's efforts over the past year to strengthen ties with P'yongyang by demonstrating a closeness of public views on the presence of US troops and Korean reunification. The visits to Seoul by Prime Minister Nakasone and Secretary of State Shultz, along with press reports that Seoul has floated a cross-recognition proposal, may have further spurred China to reassure North Korea that its support will not waver.

[redacted]

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## INDONESIA: Declining Oil Revenues

Indonesian officials are increasing efforts to obtain foreign loans to compensate for declining oil revenues. The head of the Central Bank says Jakarta will need considerably more this year than the \$1.25 billion it borrowed abroad in 1982, hinting the figure could exceed \$2 billion. Indonesia is arranging a \$1 billion commercial credit from foreign banks, the second largest ever granted to an Asian borrower. According to the US Embassy, Jakarta also is trying to obtain new loans from Middle Eastern banks.

[redacted]

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Comment: The Indonesians have become especially concerned about their financial position as a result of OPEC's recent failure to agree on prices and production quotas. Production in Indonesia has fallen to 1.1 million barrels per day, 200,000 below the OPEC quota and 500,000 below capacity. Indonesia now appears willing to accept loans tied to the US prime rate, which is higher than the rates it demanded only a few months ago. Jakarta also appears anxious to arrange new loans quickly, because it fears credit terms for less developed countries will become tighter later this year.

[redacted]

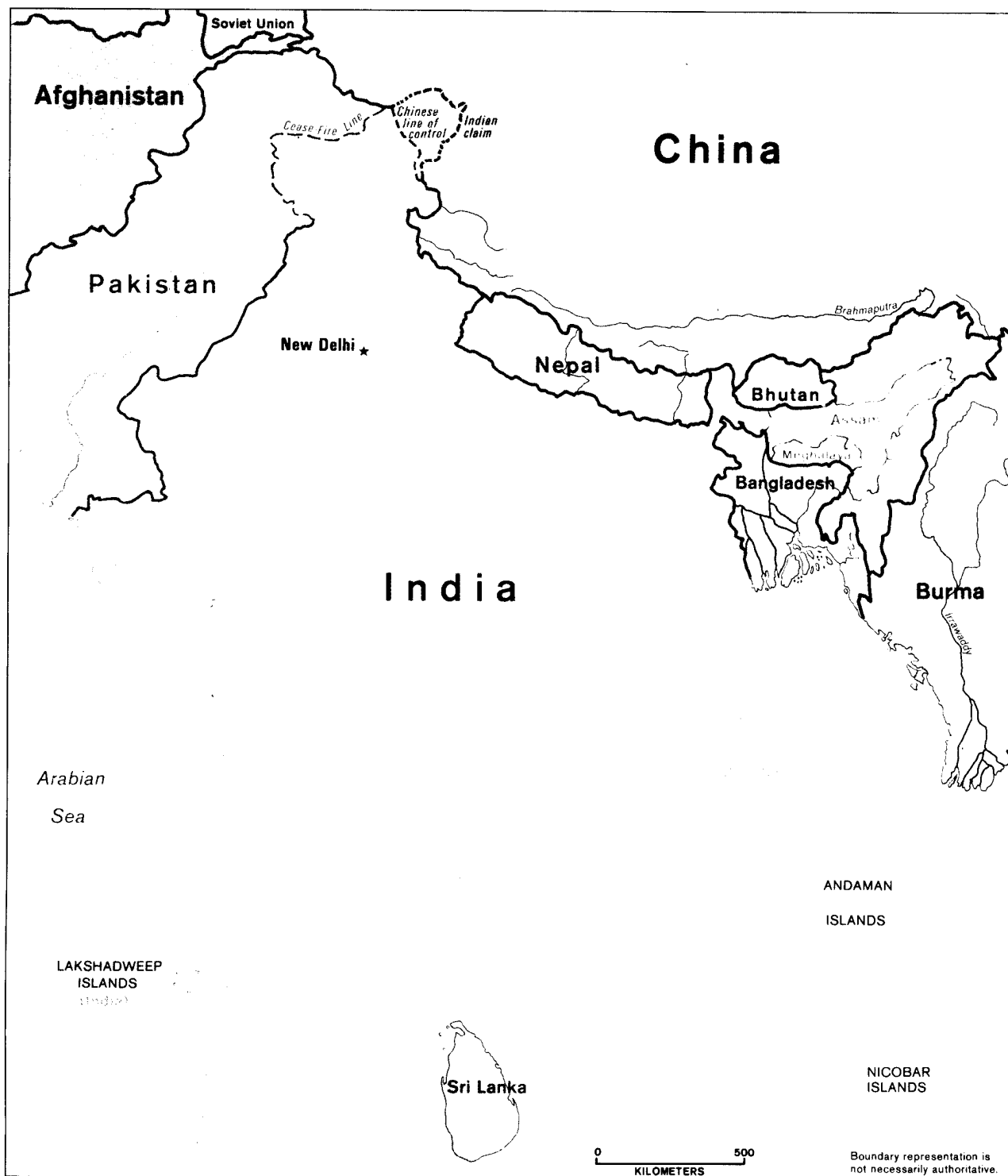
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## INDIA: Impending Elections

The standing of Prime Minister Gandhi and her Congress Party will be tested in municipal elections in New Delhi tomorrow and in state and national parliamentary elections in the states of Assam and Meghalaya the middle of this month. Regional parties in Assam are planning to boycott the election and are leading violent protests against the influx of ethnic Bengalis from neighboring Indian states and from Bangladesh. [redacted]

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Comment: Both Gandhi's party and her opposition will view the election results as an important indicator of public support for the Prime Minister, who suffered serious losses in the south last month. Narrow victories by the Congress Party appear likely, at least in the two states. A decisive loss for Gandhi in these contests, however, probably would help bring the opposition together in a coalition to fight her party in future elections. [redacted]

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## AUSTRALIA: Early Balloting Scheduled

Prime Minister Fraser has called a general election for 5 March. At the same time, opposition Labor Party leader Hayden unexpectedly announced he would step down as party head. The Labor caucus will meet on Tuesday to elect a new leader. [redacted]

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Comment: Although a public opinion poll in December showed Labor had a slight edge, Fraser almost certainly now sees Labor as vulnerable to attack by his Liberal Party on a variety of points. He intends to make the wage freeze imposed in December one of the major issues and has already used Labor's rejection of the freeze as the basis for calling early elections. Bob Hawke--often described as the most popular politician in Australia--is likely to be elected leader of the Labor Party. He is one of Labor's more moderate leaders and has been an outspoken critic of the party's left wing. [redacted]

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## Special Analysis

### ISRAEL-US: Bracing for a Confrontation

*Prime Minister Begin's government believes relations with the US will undergo serious strains in the coming months. Begin and most of his colleagues, although apprehensive about a crisis, believe Israel has to stand fast now on points at issue on Lebanon or soon face even more intense pressure on West Bank issues, especially the Jewish settlements. Tel Aviv appears convinced Washington does not have the will for a prolonged confrontation and will not employ extensive economic and military sanctions against Israel.*

[redacted]

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The Israelis believe they see several signs that the US is preparing to put pressure on them to soften their negotiating stance on Lebanon. They point to the postponement of Begin's trip to Washington, the continued delay in F-16 deliveries, and what they regard as officially inspired US press reports that cuts in economic and military aid are under consideration. The Israelis also maintain the US is deliberately creating a crisis over Lebanon in order to show the Arabs that it can "deliver" Israel and to demonstrate to King Hussein that it will use its leverage to force Tel Aviv to make concessions on the West Bank.

[redacted]

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Begin and most of his cabinet believe Israel is in a better position to face US pressure on Lebanon--where they believe Israel has important tactical advantages--than on the West Bank question. Moreover, Begin probably hopes that lengthy negotiations over Lebanon eventually will distract Arab attention, dissuade Hussein from joining the US peace initiative, and forestall even heavier US pressure on Israel for concessions.

[redacted]

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### Sharon's Role

Defense Minister Sharon's distrust of the US has figured strongly in Tel Aviv's tough policy on Lebanon. The repercussions of the Beirut massacre do not appear to have deterred him, and he may have become even more

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aggressive on Lebanon in order to blunt domestic criticism. Sharon's ability to steer his own course was increased during Begin's partial withdrawal from political life after his wife's death. [redacted]

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There are now signs that Begin and other cabinet members are concerned about the Defense Minister's free-wheeling tactics. Begin reportedly criticized Sharon at the last cabinet meeting, and the Prime Minister may be enforcing tighter control on decisions regarding Lebanon. Nonetheless, Sharon's influence and criticisms of US views will remain important factors in policymaking as long as he remains in the cabinet. [redacted]

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#### Resisting US Pressure

Tel Aviv's willingness to hold the line on Lebanon is strengthened by its belief that the US is reluctant to use its leverage. The Israelis hope that the US will soon tire of Lebanon's complexities and that domestic political concerns will increasingly force Washington to pay less attention to the Middle East. [redacted]

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In contrast, Begin's government faces almost no domestic pressure for a quick pullout from Lebanon. Polls show Israelis generally support its policies, although there is growing concern about casualties and the economic cost of the war. [redacted]

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Moreover, the Israelis, while concerned about any confrontation with their major source of military support, do not believe the US is planning to impose tough economic and military sanctions. They believe that the impending showdown will not differ substantially from similar encounters in the past, and that at most they will face limited penalties they can withstand. [redacted]

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Most Israelis appear to share the government's view that the coming clash with Washington results from a desire by the US to impress the Arabs. Few are currently inclined to blame Begin for the strains in bilateral relations. [redacted]

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